

WASHINGTON BEER & WINE WHOLESALERS ASSOCIATION  
WINTER BOARD OF DIRECTORS & GENERAL MEMBERSHIP  
JANUARY 31, 1995  
OLYMPIA, WASHINGTON

I. CALL TO ORDER

President Kiene called the meeting to order.

II. ROLL CALL

Roll call was taken.

III. SECRETARY'S REPORT

Fred Bevegni Jr., directed the members to their packet, for the minutes of the October 1, 1994, Annual Membership Meeting, as mailed to all members.

There was a motion by Gene Clark, seconded by Robbie Schmidt to approve the report as stated. The motion passed unanimously.

V. PRESENTATIONS

A. Dave Goyette, Assistant Director, Regulatory Services, Washington State Liquor Control Board. Dave stated he has been in this position since July. The main objective of late to operate with better efficiency. One way is with the elimination of price postings. With the increase of promotion and new brands, this has created more work for the staff. We check 100% of the supplier postings and 20% of the distributors. Why do we have price postings? In Oregon, there has been no adverse affect. What can be done by our Association? First of the month, the office is very crowded and we are thinking of having suppliers/distributors schedule an appointment to review postings. This has become a safety issue. Dave pointed out, he will send out a notice before it is put into practice. Making it mandatory for distributors to go on electronic price posting is an issue in the hands of the AG office. Dave thanked the Association for inviting him.

VI. PRESIDENT'S REPORT

President Kiene welcomed everyone to this meeting. He stressed all members must get on electronic price posting "ASAP". We must come up with a plan this year. If we don't we could lose price postings. After some discussion, Pres. Kiene directed Phil, Bob, and the Liquor Board Liaison Committee to work with the WSLCB and the A.G. office on the possibility of mandatory electronic price postings. They will report back at the Summer Board Meeting.

<b>PLAINTIFF'S EXHIBIT</b>	
CASE NO. <b>CV04-0360P</b>	
EXHIBIT NO. <b>118</b>	

WBW-01437

WBW\_100407

Ford encouraged all members to contact their legislator and if new, start to re-educate him/her on our industry. Follow-up is the key.

VII. EXECUTIVE DIRECTOR'S REPORT

Phil Wayt reported on the days agenda. Phil stated he had a copy of the latest ads DOH aired on the Super Bowl. He stressed to all members to contact your Legislator and invite him/her to attend the reception.

VIII. TREASURE'S REPORT

Mark Miller directed the members to their packet, showing the month ended December 31, 1994, Statement of Revenues and Expenses.

Total revenues include \$ 84,342.75, expenses \$ 69,555.36, for an excess of revenue over expenses of \$14,787.39.

Mark covered the cash statement as of December 31, 1994 showing the checking account \$22,198.55, the Association reserves (CD's) of \$35,986.62, for a total of \$58,185.17.

Mr. Miller reported on the 1994 Convention Financial recap. Total profit for the convention was \$32,913.37. WBWWA share was 52.45%, or \$17,264.70.

There was a motion by Rich Whipple, seconded by Hank Graves to approve the Treasure's report as stated. The motion passed unanimously.

IX. COMMITTEE REPORTS

A. Liquor Control Board

Phil Wayt asked members to turn to their packet, regarding a letter from Rich Raico on MLW staff changes. George Haskett has been assigned from Pierce County, south to Oregon Border; Ron Allured, King County; Frank Young, north of King County and Central Washington; Karol Smith, the balance of Eastern Washington.

Phil reported on a meeting not a hearing on January 19, 1995, chaired by Chairman Joe McGavick, to once again address liquor advertising. Mr. McGavick stated he would like to see all manufacturers take a more active roll in stressing moderation. Testimony supporting current awareness programs came from members of the industry and WBWWA President Ford Kiene. The only proponent for a advertising regulation came from Dr. Abe Bergman. Phil stated he would keep the Association informed.

WBW-01438

WBW\_100408

Phil reported on a special request from the distributors that sell to the San Juan Islands. Because of the increased costs to deliver the islands, the distributors asked the Association to look into the idea of a separate price posting for the San Juan Islands. The WSLCB has released a preproposal statement of intent on this issue. A public hearing will be held on March 8, 1995. At this time Ellis Tofte reported on this issue.

There was a motion by Riggs Nelson, seconded by Dick Brown, to have the Liquor Board Liaison Committee look into this issue with the Liquor Board and report back to the Association with their findings. Motion passed unanimously.

#### B. Winery Liaison

Bill Schallert reported there are a number of issues. Small wineries want the ability to pull from a bonded warehouse and go direct to retail. Pick-up would only be on demand. Since this issue appears to the members to be a threat to the three-tier system, a motion was made by Hank Graves, seconded by Craig Stein, for the Association to oppose any change to the regulation on allowing small wineries to pick-up at bonded warehouse for the purpose to deliver to retail. Motion passed unanimously.

Bill reported on the issue of private label wine sales by clubs. Private Clubs wants the ability to sell their private label wine to their members (5 cases annually). WBWWA members opposed the concept of this issue.

There was a motion by Rich Whipple, seconded by Dan Levine, the WBWWA oppose any change made to state regulations allowing Private Clubs sell their Private Label wine to their members. Motion passed unanimously.

#### C. PAC and Legislative

Bud Seifert asked members to turn to their packet and review the 1994 PAC assessment. The 01/95 assessment to date has 76.08% of the dollars assessed had been paid by 72.22% of the members.

Bud reported our PAC checking account had a total of \$ 7,922.96.

Bud stated we had a 85% win ratio this passed election.

There was a motion by Robbie Schmidt, seconded by Rich Whipple, to accept the PAC committee report. Motion passed unanimously.

Dick Ducharme gave a update of the 1995 Legislative session and the issues being tracked by the Association.

**WBW-01439**

WBW\_100409

HB 1008: Beer and Wine Educator's License - allows person to have a business as an educator of beer/wine. We have some reservations however not opposing at this time.

HB 1010: Regulatory Reform - we will support this bill as long as WSLCB not included. We are watching this bill very close.

HB 1028: Health Care Delay - delays implementation of various provisions of health services by one year. Taxes are included. We will support this bill.

HB 1046: Health Care Repealer - amends the health services act 1993 and repeals various provisions. We will support health care reform but oppose specific bill without repeal of taxes.

HB 1059: 18,19,& 20 year old can handle product at non-retail and repeals sunset on entertainment - improvements to allow these age groups to handle product at non-retail premise and repeals sunset clause on trade spending statutes between wholesale and retail. We will support this bill.

HB 1446: Alcohol server training - mandatory alcohol server training for annual on-premise licensees only. Requested by Tavern Association as a alternative to WSLCB plan. We will support this bill.

HB 1490: Liquor Board reorganization - creates directorship for Liquor Control Board and from full-time to part-time Board. We will opposed any change to the current system.

SB 5141: DUI law changes and .08 - revises DUI laws and reduces presumptive level from 0.10 to .08 or .02 if person is under 21. We will oppose the .08 provision.

SB 5174: Server Training - See HB 1446. We will support in Senate.

SB 5175: Allows retailers to be licensed as Manufacturers - bill allows certian retailers to become licensed as manufactures if application is submitted and approved by WSLCB. We are opposed to the concept. However, bill is acceptable as amended.

SB 5176: Same as HB1059 - we will support.

SB 5463: Same as HB1446 - we will support.

SB 5471: WSLCB prohibitions - prohibits the Liquor Board from paying dues or participating in associations that receive any funding from the liquor industry. If followed, Board employees couldn't attend activities conducted by any trade or industry associations. We will oppose.

WBW-01440

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SB 5490: Privatization - privatize's state retail liquor stores. WSLCB can award franchises, with limitations. Board will remain the distributor of spirits. Declares the intent to maintain current levels of revenue, system of controls to discourage the sale of liquor and generate funds for prevention of alcohol abuse.

After much discussion and reviewing the bill as it is written, there was a motion by Rich Whipple, seconded by Hank Graves, the Association oppose SB 5490 (Privatization) as it is written in its original draft, since it does not contain the three-tier system. Motion passed unanimously.

Phil Wayt asked members to turn to their packet on Health Department anti-alcohol ads. Phil stated three ads were developed and aired on the Super Bowl. With the hand-out, Phil encouraged all members to share the information with your legislator and leave a copy with them.

Phil expressed with the large turn-over on the hill, Franchise Legislation needs to be temporarily put on hold. Please educate all new legislators on our industry, pertaining to Franchise Legislation.

D. Next Generation

Jim Stephanson stated their next meeting would take place this afternoon. He urged all members to attend and would discuss the agenda and future meeting dates.

XI. NEW BUSINESS

A. Marketing Practices Discussion

Phil Wayt reported he had been contacted by a few Eastern Washington distributors, regarding pricing practices at retail. How can the Association attack this issue? Is this a price fixing issue? The consensus with the members present, is to have Phil and Bob look into this issue and report back to the members at the Summer Board meeting.

B. Job Related Alcohol Issues

Phil Wayt reported on a company in the state of Montana, regarding individual company policies on alcohol. Since this company is in a legal battle, Phil was wondering if there was interest, the Association look into alcohol and company policies. After members discussed this issue, it was felt most companies have their own internal policies and the Association need not get involved.

WBW-01441

WBW\_100411

C. Rocky Mountain Beer Distributors

Bud Seifert reported their next meeting will take place in Monterey, California. The dates of their convention will be March 5-8, 1995. He urged all members to contact himself and/or Jon Jennings to discuss the Rocky Mountain Association.

D. WSWA Report

No report at this time.

E. NBWA Report

Phil Wayt in Mike Schmidt's absence, reported the NBWA Legislative Conference will take place on May 7-10, 1995, in Washington, D.C.

The Association will help any member going to Washington, D.C., coordinate any appointments with their Congressmen.

F. Summer Board of Directors & General Membership Meeting

Phil Wayt urged all members to mark their calendar for July 20-23, 1995, for this annual meeting. It will take place at the Skamania Lodge in the Columbia Gorge. This is the time we lay the ground work for this years convention.

G. Four State Beer & Wine Distributors Convention

Phil Wayt encourage all members to attend this years convention on September 13-17, 1995, at the Big Sky Resort, Big Sky, Montana.

XII. ADJOURNMENT

There being no further business, Doug Graff moved to adjourn the meeting. The motion was seconded by Phil Cammarano and passed unanimously.

Respectfully submitted,



Fred Bevegni Jr.  
Secretary 1989-1995

WBW-01442

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